

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

**Comptroller's Certification**

Mr. Craig K. Hirai, Director  
Department of Budget and Finance  
State of Hawaii

We have verified the Honolulu Authority for Rapid Transportation's (HART) compliance with Hawaii Revised Statutes (HRS) §46-16.8 (e) for capital costs in invoices submitted to the Comptroller by HART in the accompanying Schedule of Invoices. The management of HART is responsible for HART's compliance with HRS §46-16.8 (e). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (e).

As more fully described in Note 2 to the accompanying Schedule of Invoices, our verification procedures involved procedures to obtain evidence about whether the invoices submitted by HART for the capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

As more fully described in Note 3 to the accompanying Schedule of Invoices, adjustments may be made to reduce the amount of future reimbursements to HART for prior invoices certified by the Comptroller that are found to be in error due to fraud, illegal activities or other violations of laws and regulations.

Our verification procedures do not provide a legal determination of HART's compliance with HRS §46-16.8 (e). Further, as the objective of our procedures were limited to verifying that the costs in invoices submitted by HART complied with a specific law, our procedures have not been designed to detect fraud or other illegal activities.

Based on the results of our verification procedures performed, the invoices for capital costs in the accompanying Schedule of Invoices comply with HRS §46-16.8 (e).

/s/

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Curt T. Otaguro  
Comptroller

Dated: July 23, 2021

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
CH2M Hill, Inc.	SC-HRT-1400027	00194	\$ 324,970.10
CH2M Hill, Inc.	SC-HRT-1400027	00195	384,295.97
CH2M Hill, Inc.	SC-HRT-1400027	00197	305,743.64
CH2M Hill, Inc.	SC-HRT-1400027	00199	384,674.02
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-15	69,871.97
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-16	49,702.34
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 5-07	39,573.56
City & County of Honolulu-Division of Treasury	ICP-HRT-18000767	GOB 2017H Jan 2018	469,821.88
City & County of Honolulu-Division of Treasury	ICP-HRT-18000923	Royal Bank Canada GOCPN A	73,491.78
City & County of Honolulu-Division of Treasury	ICP-HRT-18000923	Sumitomo Mitsui GOCPN B	285,801.37
City & County of Honolulu-Division of Treasury	ICP-HRT-18000923	US Bank GOCPN A&B	4,644.00
City & County of Honolulu-Division of Treasury	ICP-HRT-18000945	GOB 2017H Mar 2018	478,794.53
City & County of Honolulu-Division of Treasury	ICP-HRT-18001138	TECP B-1 5/25/2018	46,106.31
City & County of Honolulu-Division of Treasury	ICP-HRT-18001158	GOB 2017H May 2018	519,328.75
City & County of Honolulu-Division of Treasury	ICP-HRT-18001199	BOA Merrill Lynch GOCPN B-1	8,356.16
City & County of Honolulu-Division of Treasury	ICP-HRT-18001199	Royal Bank Canada GOCPN A	74,308.35
City & County of Honolulu-Division of Treasury	ICP-HRT-18001199	Sumitomo Mitsui GOCPN B	290,176.94
City & County of Honolulu-Division of Treasury	ICP-HRT-19000001	GOB 2017H Jun 2018	472,342.50
City & County of Honolulu-Division of Treasury	ICP-HRT-19000089	TECP B-1 8/25/2018	103,943.83
City & County of Honolulu-Division of Treasury	ICP-HRT-19000117	GOB 2017H Jul 2018	398,287.61
City & County of Honolulu-Division of Treasury	ICP-HRT-19000309	TECP B-1 9/25/2018	61,006.85
City & County of Honolulu-Division of Treasury	ICP-HRT-19000324	GOCPN B-1 BOA Merrill Lynch	10,205.48
City & County of Honolulu-Division of Treasury	ICP-HRT-19000324	Royal Bank Canada GOCPN A	75,124.93
City & County of Honolulu-Division of Treasury	ICP-HRT-19000324	Sumitomo Mitsui GOCPN B	293,652.51
City & County of Honolulu-Division of Treasury	ICP-HRT-19000365	GOB 2017H Sep 2018	470,123.19
City & County of Honolulu-Division of Treasury	ICP-HRT-19000398	TECP B-1 1/25/2018	102,363.01
City & County of Honolulu-Division of Treasury	ICP-HRT-19000558	TECP B-1 01/25/2019	62,136.99
City & County of Honolulu-Division of Treasury	ICP-HRT-19000620	TECP B-1 \$35mil 01/03/2019	52,912.33
City & County of Honolulu-Division of Treasury	ICP-HRT-19000652	GOCPN B-1 BOA Merrill Lynch	12,602.74
City & County of Honolulu-Division of Treasury	ICP-HRT-19000652	Royal Bank Canada GOCPN A	66,142.60
City & County of Honolulu-Division of Treasury	ICP-HRT-19000652	Sumitomo Mitsui GOCPN B	274,390.99
		Carried forward	\$ 6,264,897.23

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 6,264,897.23
City & County of Honolulu-Division of Treasury	ICP-HRT-19000716	TECP B-1 \$50mil 01/31/2019	65,150.68
City & County of Honolulu-Division of Treasury	ICP-HRT-19000810	GOB 2017H Jan 2019	495,328.78
City & County of Honolulu-Division of Treasury	ICP-HRT-19000898	GOB 2017H Feb 2019	517,232.87
City & County of Honolulu-Division of Treasury	ICP-HRT-19000962	GOCPN B-1 BOA Merrill Lynch	4,246.70
City & County of Honolulu-Division of Treasury	ICP-HRT-19000962	Sumitomo Mitsui GOCPN B	274,325.72
City & County of Honolulu-Division of Treasury	ICP-HRT-19000962	US Bank GOB A1	91,456.44
City & County of Honolulu-Division of Treasury	ICP-HRT-19001289	GOCPN A-1 BOA	74,308.35
City & County of Honolulu-Division of Treasury	ICP-HRT-19001289	Sumitomo Mitsui GOCPN B	288,976.94
City & County of Honolulu-Division of Treasury	ICP-HRT-20000132	GOB 2017H Jul 2019	506,095.87
City & County of Honolulu-Division of Treasury	ICP-HRT-20000236	GOB 2019A Aug 2019	878,957.35
City & County of Honolulu-Division of Treasury	ICP-HRT-20000351	GOB 2019A Sep 2019	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-20000352	GOB 2019E Sep 2019	772,072.92
City & County of Honolulu-Division of Treasury	ICP-HRT-20000395	GOB 2017H Sep 2019	458,164.40
City & County of Honolulu-Division of Treasury	ICP-HRT-20000464	GOB 2019A Oct 2019	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-20000464	GOB 2019E Oct 2019	772,072.92
City & County of Honolulu-Division of Treasury	ICP-HRT-20000518	GOB 2017H Oct 2019	494,493.12
City & County of Honolulu-Division of Treasury	ICP-HRT-20000559	GOB 2019A Nov 2019	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-20000559	GOB 2019E Nov 2019	772,072.92
City & County of Honolulu-Division of Treasury	ICP-HRT-20000612	GOB 2017H Nov 2019	419,794.56
City & County of Honolulu-Division of Treasury	ICP-HRT-20000721	GOB 2019A Dec 2019	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-20000721	GOB 2019E Dec 2019	772,072.92
City & County of Honolulu-Division of Treasury	ICP-HRT-20000730	GOB 2017H Dec 2019	463,566.08
City & County of Honolulu-Division of Treasury	ICP-HRT-20000840	GOB 2019A Jan 2020	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-20000840	GOB 2019E Jan 2020	772,072.91
City & County of Honolulu-Division of Treasury	ICP-HRT-20000852	GOB 2017H Jan 2020	391,420.76
City & County of Honolulu-Division of Treasury	ICP-HRT-20000897	GOB 2019A Feb 2020	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-20000897	GOB 2019E Feb 2020	772,072.91
City & County of Honolulu-Division of Treasury	ICP-HRT-20000919	GOB 2017H Feb 2020	376,967.20
City & County of Honolulu-Division of Treasury	ICP-HRT-20000980	GOB 2019A Mar 2020	874,791.67
		Carried forward	<u>\$ 22,821,362.22</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 22,821,362.22
City & County of Honolulu-Division of Treasury	ICP-HRT-20000980	GOB 2019E Mar 2020	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-20001084	GOB 2019A Apr 2020	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-20001084	GOB 2019E Apr 2020	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-20001084	GOB 2020B Apr 2020	1,114,096.30
City & County of Honolulu-Division of Treasury	ICP-HRT-20001084	GOB 2020B Mar 2020	1,114,096.30
HECO-Design Services Agreement-City Center	SC-HRT-1400034	CC-63	205,607.16
HECO-Design Services Agreement-City Center	SC-HRT-1400034	CC-65	225,303.59
HECO-Utility Reloc. Constr. Agreement-WOFH	CT-HRT-1400135	WOFH C-30	250,199.09
INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00008	338,433.37
INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00009	23,036.64
Lea + Elliott	SC-HRT-1400049	00097	15,481.62
Lea + Elliott	SC-HRT-1400049	00140	1,029,725.38
Lea + Elliott	SC-HRT-1400049	00142	819,978.82
Nan, Inc. (KHSG)	CT-HRT-1600152	00047	892,545.73
Nan, Inc. (KHSG)	CT-HRT-1600152	00049	1,441,423.77
PGH Wong Engineering, Inc.	SC-HRT-1400050	00242	393,085.72
PGH Wong Engineering, Inc.	SC-HRT-1400050	00244	472,783.15
PGH Wong Engineering, Inc.	SC-HRT-1400050	00245	258,398.64
PGH Wong Engineering, Inc.	SC-HRT-1400050	00249	197,750.63
PGH Wong Engineering, Inc.	SC-HRT-1400050	00251	74,418.22
PGH Wong Engineering, Inc.	SC-HRT-1400050	00253	63,426.75
Road and Highway Builders, LLC	CT-HRT-1900074	00009	1,294,849.97
Road and Highway Builders, LLC	CT-HRT-1900074	00010	1,549,042.50
Road and Highway Builders, LLC	CT-HRT-1900074	00012	1,748,059.44
Road and Highway Builders, LLC	CT-HRT-1900074	00022	41,697.65
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-20	5,899.58
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 11-4	6,230.85
Shimmick/ Traylor/ Granite JV	CT-HRT-1600385	00045	14,886,035.42
Stantec Consulting Services, Inc.	SC-HRT-1600008	00125	1,053,475.46
		Subtotal	\$ 54,674,110.64

The accompanying notes are an integral part of the Schedule of Invoices

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
(A) Nan, Inc. (KHSG)	CT-HRT-1600152	00048	\$ 1,343,445.07
(A) Road and Highway Builders, LLC	CT-HRT-1900074	00020	77,943.60
(A) Road and Highway Builders, LLC	CT-HRT-1900074	00006	1,324,697.29
(A) Road and Highway Builders, LLC	CT-HRT-1900074	00013	1,218,163.53
(B) CH2M Hill, Inc.	SC-HRT-1400027	00146	6,336.16
(B) CH2M Hill, Inc.	SC-HRT-1400027	00196	528,081.84
(B) CH2M Hill, Inc.	SC-HRT-1400027	00198	315,195.45
(B) CH2M Hill, Inc.	SC-HRT-1400027	00201	406,585.89
(B) CH2M Hill, Inc.-Fare Collection	SC-HRT-1600011	00011	157,749.17
(B) CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-14	58,903.34
(B) INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00010	884,624.89
(B) INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00012	221,156.22
(B) Lea + Elliott	SC-HRT-1400049	00089	5,968.46
(B) Lea + Elliott	SC-HRT-1400049	00101	30,793.37
(B) Lea + Elliott	SC-HRT-1400049	00103	13,345.85
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00107	1,267,045.97
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00109	1,077,526.27
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00111	1,444,057.95
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00113	1,159,078.62
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00115	1,040,783.79
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00118	875,012.12
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00119	970,860.29
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00121	851,747.98
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00122	938,070.78
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00126	986,073.13
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00005	850,874.46
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00007	690,527.84
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00008	1,047,535.34
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00014	1,083,639.52
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00015	704,666.29
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00016	617,965.66
Carried forward			\$ 22,198,456.14

The accompanying notes are an integral part of the Schedule of Invoices

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices (Continued)**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 22,198,456.14
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00017	348,849.44
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00018	434,231.48
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00019	330,646.75
		Subtotal	<u>23,312,183.81</u>
		Total	<u>\$ 77,986,294.45</u>

- (A) Adjustments were made for a change order and field change notices which have been deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (B) Adjustments were made to reverse amounts deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (C) Adjustment was made for amounts that will be reimbursed by State of Hawaii Department of Transportation. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.

The accompanying notes are an integral part of the Schedule of Invoices

# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

## Notes to Schedule of Invoices

### 1. Organization

The Honolulu Authority for Rapid Transportation (HART) is a semi-autonomous government unit of the City and County of Honolulu (City) which came into being pursuant to the Revised Charter of the City and County of Honolulu (RCH). HART is authorized under the RCH to develop, operate, maintain, and expand the City guideway system.

### 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (e) provides for the use of surcharge revenues received from the State of Hawaii (State) for capital costs of a locally preferred alternative for a mass transit project provided revenues derived from the county surcharge of State tax shall not be used:

- 1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005;
- 2) For operating or maintenance costs of a mass transit project or any purpose not consistent with this subsection; or
- 3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority (Authority) charged with the responsibility for constructing, operating or maintaining the mass transit project.

HRS §40-81.5 requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that the Authority's invoices for capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). After submission of invoices by the Authority for capital costs of a locally preferred alternative for a mass transit project are verified by the Comptroller as an acceptable use of funds pursuant to a surcharge on State tax authorized pursuant to HRS §46-16.8 (e), the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds from the Mass Transit Special Fund, if available. The certification statement shall include, at a minimum, the total amount contained in the invoices for capital costs that are verified as an appropriate use of funds pursuant to HRS §46-16.8 (e).

During the quarter ending June 30, 2021, the Comptroller identified four invoices that contained amounts totaling \$181,736.35 for a change order and three field change notices which have been deemed not allowable per HRS §46-16.8 (e). These invoices were adjusted by the amounts billed for this change order and field change notice to reduce the amount reimbursed to HART - see items (A).

## HONOLULU AUTHORITY FOR RAPID TRANSIT

### Notes to Schedule of Invoices (Continued)

The Comptroller also identified three invoices that contained amounts totaling \$38,288.87 for items related to certain stipulations found in HART's Programmatic Agreement with the U.S. Department of Transportation Federal Transit Administration, The Hawaii State Historic Preservation Officer, The United States Navy and the Advisory Council on Historic Preservation which have been deemed as not allowable per HRS §46-16.8 (e). and twenty invoices totaling \$600,744.48 for administrative, operating and maintenance costs that are not allowed per HRS §46-16.8 (e). These unallowable charges are being reversed to reduce the amounts reimbursed to HART - see items (B).

In addition, the Comptroller identified nine invoices that contained amounts totaling \$1,984,445.98 for road work requested by the State of Hawaii Department of Transportation (HDOT) for which HDOT will reimburse HART. This cost is not allowed per HRS §46-16.8 (e). and is being reversed to reduce the amounts reimbursed to HART - see item (C).

As of June 30, 2021, the balance in the Mass Transit Special Fund totaled \$77,986,294.49 As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of July 23, 2021, totaled \$77,986,294.45.

### 3. Fraud, Illegal Activities and/or Violations of Laws and Regulations

During February 2019, HART was served with three separate subpoenas by the United States Attorney for the District of Hawaii. As a result of such actions by Federal authorities, DAGS has determined that adjustments to reduce the amount of future reimbursements to HART will be made should prior invoices certified by the Comptroller be determined to be in error due to fraud, illegal activities or other violations of laws and regulations as a result of investigations, audits and/or judicial proceedings by any governmental body. The scope of this policy includes the findings and conclusions of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and illegal activities or other violations of laws and regulations.